



AEON Credit Service (M) Berhad
(412767-V) (Incorporated in Malaysia)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 AUGUST 2015**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 6 months ended	
		31.08.2015 RM'000	31.08.14 RM'000	31.08.2015 RM'000	31.08.14 RM'000
Revenue	B4	228,723	N/A	461,162	N/A
Total operating expenses		(144,542)	N/A	(286,826)	N/A
Other operating income		19,893	N/A	43,696	N/A
Profit from operations	B5(a)	104,074	N/A	218,032	N/A
Finance costs		(39,802)	N/A	(77,494)	N/A
Profit before taxation		64,272	N/A	140,538	N/A
Taxation	B6	(15,786)	N/A	(33,811)	N/A
Profit for the period		48,486	N/A	106,727	N/A
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		(13,002)	N/A	(12,964)	N/A
Other comprehensive income for the period, net of tax		(13,002)	N/A	(12,964)	N/A
Total comprehensive income for the period		35,484	N/A	93,763	N/A
Earnings per share attributable to equity holders of the Company :					
Basic (sen)	B12	31.45	N/A	69.40	N/A
Diluted (sen)	B12	-	N/A	-	N/A

Following the change of financial year end of the Company from 20 February 2015 to 28 February 2015, no comparative figures are presented for the current quarter and cumulative quarter results.

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2015

	Note	Unaudited As at 31.08.2015 RM'000	Audited As at 28.02.2015 RM'000
ASSETS			
Non-current assets			
Plant and equipment		44,304	45,234
Investments		24,239	18,555
Deferred tax assets		31,966	24,693
Financing receivables		<u>3,198,016</u>	<u>2,811,030</u>
		<u>3,298,525</u>	<u>2,899,512</u>
Current assets			
Financing receivables		1,709,555	1,706,015
Other receivables, deposits & prepayments		30,936	56,183
Derivative financial instruments		489,504	212,921
Cash and bank balances		<u>64,412</u>	<u>48,668</u>
		<u>2,294,407</u>	<u>2,023,787</u>
TOTAL ASSETS		<u><u>5,592,932</u></u>	<u><u>4,923,299</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		72,000	72,000
Share premium		44,012	44,012
Reserves		<u>607,954</u>	<u>563,700</u>
Equity attributable to equity holders of the Company		<u>723,966</u>	<u>679,712</u>
Perpetual Notes and Sukuk		<u>276,000</u>	<u>276,000</u>
Total equity		<u><u>999,966</u></u>	<u><u>955,712</u></u>
Non-current liability			
Borrowings	B8	<u>3,787,220</u>	<u>2,965,526</u>
		<u>3,787,220</u>	<u>2,965,526</u>
Current liabilities			
Borrowings	B8	680,307	856,141
Payables and accruals		102,506	118,709
Taxation		<u>22,933</u>	<u>27,211</u>
		<u>805,746</u>	<u>1,002,061</u>
Total liabilities		<u>4,592,966</u>	<u>3,967,587</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,592,932</u></u>	<u><u>4,923,299</u></u>
Net assets per share (RM)		5.03	4.72

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER
ENDED 31 AUGUST 2015**

	Non - distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Perpetual Notes and Sukuk RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 21 February 2014	72,000	44,012	100,000	(8,034)	437,586	645,564
Final dividend paid in respect of the financial year ended 20 February 2014	-	-	-	-	(34,560)	(34,560)
Total comprehensive income for the period	-	-	-	4,018	103,713	107,731
Perpetual Notes issued	-	-	46,000	-	-	46,000
Perpetual Notes issue expenses	-	-	-	-	(204)	(204)
Perpetual Notes interest distribution	-	-	-	-	(3,223)	(3,223)
At 20 August 2014	72,000	44,012	146,000	(4,016)	503,312	761,308
At 1 March 2015	72,000	44,012	276,000	(8,844)	572,544	955,712
Final dividend paid in respect of the financial period ended 28 February 2015	-	-	-	-	(42,624)	(42,624)
Total comprehensive income for the period	-	-	-	(12,964)	106,727	93,763
Perpetual Notes/Sukuk issued	-	-	-	-	-	-
Perpetual Notes/Sukuk issue expenses	-	-	-	-	(100)	(100)
Perpetual Notes interest distribution, net of tax	-	-	-	-	(6,785)	(6,785)
At 31 August 2015	72,000	44,012	276,000	(21,808)	629,762	999,966

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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CONDENSED CASH FLOWS STATEMENT FOR THE SECOND QUARTER ENDED 31 AUGUST 2015

	31.08.2015 RM'000	20.08.2014 RM'000
Cash flows from operating activities		
Profit before taxation	140,538	139,004
Adjustments for:		
Depreciation of plant and equipment	9,299	9,235
Gain on disposal of plant and equipment	(5)	(84)
Finance costs	77,494	62,662
Plant and equipment written off	19	-
Allowance for impairment losses	144,163	105,874
Operating profit before working capital changes	<u>371,508</u>	<u>316,691</u>
Changes in working capital:		
Receivables, deposits and prepayments	(513,379)	(658,340)
Payables and accruals	(16,056)	166,040
Cash held on behalf of a related company	(1,898)	-
Cash used in operations	<u>(159,825)</u>	<u>(175,609)</u>
Income taxes paid	(39,281)	(23,608)
Finance costs paid	(73,704)	(57,932)
Net cash used in operating activities	<u>(272,810)</u>	<u>(257,149)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(8,387)	(10,994)
Proceeds from disposal of plant and equipment	4	84
Subscription of equity shares	(5,684)	-
Net cash used in investing activities	<u>(14,067)</u>	<u>(10,910)</u>
Cash flows from financing activities		
Repayment of borrowings	(635,235)	(751,002)
Proceeds from borrowings	1,010,000	1,062,207
Proceeds from issuance of Perpetual Notes	-	46,000
Payment of Perpetual Notes / Sukuk issue expenses	(100)	(804)
Distribution paid to Perpetual Notes holders	(8,928)	(3,223)
Dividends paid to ordinary shareholders of the Company	(42,624)	(34,560)
Net cash generated from financing activities	<u>323,113</u>	<u>318,618</u>
Net increase in cash and cash equivalents	36,236	50,559
Cash and cash equivalents at 1 March / 21 February	(31,769)	(52,814)
Cash and cash equivalents at 31 August / 20 August	<u>4,467</u>	<u>(2,255)</u>
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:		
Cash and bank balances	64,412	16,719
Cash held on behalf of a related company	(7,581)	-
Bank overdrafts	(52,364)	(18,974)
	<u>4,467</u>	<u>(2,255)</u>

The Condensed Cash Flows Statement should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 and the accompanying notes to the quarterly report attached hereto.



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Notes to the interim financial report for the quarter ended 31 August 2015

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with *MFRS 134: Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s audited financial statements as at and for the period ended 28 February 2015.

2 Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its annual financial statements as at and for the period ended 28 February 2015.

3 Auditors' Report on the Preceding Annual Financial Statements

There was no qualification in the audit report on the preceding audited annual financial statements.

4 Seasonal or Cyclical Factors

The Company normally benefits from the traditionally higher levels of consumer spending during festive seasons in Malaysia.

5 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6 Changes in Estimates

There were no material changes in the nature and amount of estimates reported in prior interim period or prior financial years that have a material effect in the current quarter under review.

7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the interim period under review except as disclosed in the condensed Cash Flows Statement.



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Notes to the interim financial report for the quarter ended 31 August 2015

8 Dividend Paid

	Cumulative Quarter (6 months)	
	Current Year	Preceding Year
	Period To Date	Period To Date
	<u>31.08.2015</u>	<u>20.08.2014</u>
	RM'000	RM'000
Final dividend in respect of the financial period ended 28 February 2015		
- 29.60 sen single tier dividend per ordinary share	42,624	-
Final dividend in respect of the financial year ended 20 February 2014		
- 24.00 sen single tier dividend per ordinary share	-	34,560
	42,624	34,560
	42,624	34,560

9 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes for purchase of consumer durables and vehicles, personal financing schemes and credit cards business, all of which are categorised under consumer financing business.

On this basis, the Managing Director (“MD”) reviews the business performance of the Company as a whole. Further analysis will be provided or furnished upon request from the MD.

10 Valuation of Property, Plant and Equipment

There were no revaluations of property, plant and equipment at the end of the reporting quarter.

11 Subsequent Event

There were no material events subsequent to the end of the current quarter under review up to the date of this report, which are likely to substantially affect the results of the quarter under review.

12 Changes in the Composition of the Company

There were no changes in the composition of the Company during the period under review, including business combinations, acquisition or disposal of subsidiaries and restructuring and discontinuing operations.



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Notes to the interim financial report for the quarter ended 31 August 2015

13 Fair Value Measurement

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

<u>31.08.2015</u>	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Derivatives designated as hedging instruments	-	489,504	-	489,504
Total financial assets carried at fair value	-	489,504	-	489,504
<u>28.02.2015</u>	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Derivatives designated as hedging instruments	-	212,921	-	212,921
Total financial assets carried at fair value	-	212,921	-	212,921

14 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 31 August 2015 and up to the date of this announcement.

15 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any significant Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature other than those that had been mandated by the shareholders during the Annual General Meeting held on 16 June 2015.

16 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 31 August 2015 amounted to RM12.4 million.



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Notes to the interim financial report for the quarter ended 31 August 2015

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 9% and 12% growth for the second quarter and six months ended 31 August 2015 as compared with the previous year corresponding period ended 20 August 2014. Total transaction and financing volume in the second quarter and six months ended 31 August 2015 had increased by 2.89% to RM892.653 million and by 1.52% to RM1.737 billion respectively as compared with the previous corresponding period ended 20 August 2014.

The financing receivables as at 31 August 2015 was RM4.908 billion, representing an increase of 19.3% from RM4.115 billion as at 20 August 2014. Non-performing loans (NPL) ratio was 2.58% as at 31 August 2015 compared to 2.65% as at 20 August 2014.

Other operating income recorded of RM19.893 million and RM43.696 million for the second quarter and six months ended 31 August 2015 mainly comprised bad debts recovered, commission income from sale of insurance products and AEON Big loyalty programme processing fee.

Ratio of total operating expenses against revenue was recorded at 63.2% for the current quarter as compared with 59.6% in the quarter ended 20 August 2014. The increase was mainly attributable to higher allowance for impairment losses on financing receivables.

The Company recorded a profit before tax of RM64.272 million for the second quarter and RM140.538 million for the six months ended 31 August 2015. Average funding cost for the current quarter was marginally higher compared to the quarter ended 20 August 2014 due to higher funding cost for new long term funding.

2 Material Change in Profit before Taxation of Current Quarter Compared with Preceding Quarter

The profit before taxation for the quarter under review was lower by RM 11.994 million compared with the preceding quarter, mainly attributable to lower revenue in the quarter as well as increase in operating expenses and funding cost.

3 Current Year Prospects

The Malaysian economy posted growth of 4.9% in the second quarter of 2015 while the economic growth forecast for 2015 by Bank Negara Malaysia is between 4.5% to 5.5%, with the underlying domestic macroeconomic fundamentals remaining intact.

The Board expects the Company to maintain its performance in the financial year ending 29 February 2016 based on implementation of its business plan.



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Notes to the interim financial report for the quarter ended 31 August 2015

4 Revenue

	Individual quarter 3 months		Cumulative quarter 6 months	
	ended	ended	ended	ended
	<u>31.08.2015</u>	<u>31.08.2014</u>	<u>31.08.2015</u>	<u>31.08.2014</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	196,709	N/A	397,890	N/A
Fee income	32,014	N/A	63,272	N/A
	<u>228,723</u>	<u>N/A</u>	<u>461,162</u>	<u>N/A</u>

5 Notes to the Statement of Comprehensive Income

Except as disclosed below, other disclosure items in item 16 of Appendix 9B of Bursa Malaysia's Listing Requirements are not applicable:

	Individual quarter 3 months		Cumulative quarter 6 months	
	ended	ended	ended	ended
	<u>31.08.2015</u>	<u>31.08.2014</u>	<u>31.08.2015</u>	<u>31.08.2014</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from Operations:				
Bad debts recovered	15,202	N/A	32,503	N/A
Depreciation of plant and equipment	(4,638)	N/A	(9,299)	N/A
Allowance for impairment losses on receivables	(70,630)	N/A	(144,163)	N/A
(b) Included in Other Comprehensive Income:				
Gain on cash flow hedge	(13,002)	N/A	(12,964)	N/A

Receivables amounting to RM136.299 million (31 August 2014: N/A) have been written off against allowance for impairment losses on receivables for the six months ended 31 August 2015.

6 Taxation

	Individual quarter 3 months		Cumulative quarter 6 months	
	ended	ended	ended	ended
	<u>31.08.2015</u>	<u>31.08.2014</u>	<u>31.08.2015</u>	<u>31.08.2014</u>
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- current tax	17,413	N/A	37,027	N/A
- Deferred tax	(1,627)	N/A	(3,216)	N/A
	<u>15,786</u>	<u>N/A</u>	<u>33,811</u>	<u>N/A</u>



AEON Credit Service (M) Berhad
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Notes to the interim financial report for the quarter ended 31 August 2015

7 Status of Corporate Proposal

There were no corporate proposals announced or pending completion as at the end of the quarter and up to the date of this report.

8 Borrowings

The borrowings of the Company as at 31 August 2015 comprised the following:

	Unsecured RM'000
Non-Current :	
- Term loans / financing	3,437,383
- Medium term notes	200,000
- Islamic Commercial Paper	149,837
	<u>3,787,220</u>
Current :	
- Bank overdrafts	52,364
- Revolving credits	260,000
- Term loans / financing	367,943
	<u>680,307</u>
Total	<u><u>4,467,527</u></u>

The borrowings were denominated in the following currencies:

	Unsecured RM'000 Equivalent	
Ringgit Malaysia	2,272,201	
United States Dollar	2,195,326	(Equivalent to USD 520.960 million)
	<u>4,467,527</u>	

The outstanding bank overdrafts, revolving credits and term loans of the Company are on clean basis.

The asset backed medium term notes are secured against a pool of consumer financing receivables.



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Notes to the interim financial report for the quarter ended 31 August 2015

9 Derivatives and Fair Value Changes of Financial Liabilities

(a) Details of derivative financial instruments outstanding are as follows:

As at 31 August 2015	Contract/ Notional Amount RM'000	Fair Value RM'000
<u>Cross currency swaps:</u>		
1 – 3 years	877,121	1,186,953
More than 3 years	800,007	1,008,373
Total	<u>1,677,128</u>	<u>2,195,326</u>

(b) Fair value of financial liabilities

There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

10 Material Litigation

As at date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or business of the Company.

11 Dividend

Interim dividend

- (i) An interim single tier dividend has been recommended for the financial year ending 29 February 2016;
- (ii) Amount per share – 29.85 sen (financial period ended 20 August 2014 – 27.40 sen);
- (iii) Date payable – 4 November 2015; and
- (iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 22 October 2015.



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Notes to the interim financial report for the quarter ended 31 August 2015

12 Earnings per Share

	Individual quarter		Cumulative quarter	
	3 months		6 months	
	ended <u>31.08.2015</u> RM'000	ended <u>31.08.2014</u> RM'000	ended <u>31.08.2015</u> RM'000	ended <u>31.08.2014</u> RM'000
Net profit attributable to equity holders	48,486	N/A	106,727	N/A
Distribution on Perpetual Notes, net of tax	(3,202)	N/A	(6,785)	N/A
Net profit attributable to ordinary equity holders	45,284	N/A	99,942	N/A
Net profit attributable to ordinary equity holders (RM)	45,284	N/A	99,942	N/A
Weighted average number of ordinary shares (unit)	144,000	N/A	144,000	N/A
Basic earnings per share (sen)	31.45	N/A	69.40	N/A

Basic Earnings per share is calculated by dividing the net profit after distribution on Perpetual Notes by the weighted average number of ordinary shares outstanding during the period.

The Company does not have in issue any financial instruments or other contract that may entitle its holder to ordinary shares and therefore dilutive to its basic earnings per share.

13 Realised and Unrealised Profits

	As at	As at
	<u>31.08.2015</u> RM'000	<u>28.02.2015</u> RM'000
Total retained earnings of the Company:		
- Realised	597,796	547,851
- Unrealised	31,966	24,693
Total retained earnings as per Statement of Changes in Equity	629,762	572,544

14 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 6 October 2015.

By order of the Board
6 October 2015